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C O N F I D E N T I A L SECTION 01 OF 02 VIENTIANE 000526

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DEPARTMENT FOR EAP/MLS, INR, DRL
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SUBJECT: NATIONAL ASSEMBLY "ELECTS" A NEW PRESIDENT AND
PRIME MINISTER

REF: VIENTIANE 433

Classified By: Charge d'Affaires Kristen Bauer, reason 1.4 (b) and (d).

11. (C) Summary: In its inaugural session June 8, the newly-elected National Assembly selected a new President, Vice President and Prime Minister and approved the Prime Minister's cabinet. Party Secretary Choummaly Sayasone takes over as President of Laos, while former PM Bounnyang Vorachit has been kicked upstairs to be Vice President. Khamtai Siphandone protege Bouasone Bouphavane becomes Prime Minister. Bouasone announced his new cabinet, which retains some ministers, shifts others, and elevates a number of technocrats who joined the Central Committee at the 8th Party Congress in March. Most significantly, Politburo member Thongloun Sisoulith will take over as the Foreign Minister from long-time FM Somsavat Lengsavad, who will move to the Prime Minister's Office. Several other relatively young, perhaps more flexible, Central Committee members will also move up. This being Laos, the new cabinet is no "dream team," but the transfusion of new blood can't help but improve the government's normally lackluster performance. We also hope the rise of moderates like Thongloun will help the U.S.-Lao relationship. End summary.

12. (U) In a departure from past practice, the Assembly invited the diplomatic community to sit through its entire opening session, during which the new Assembly members formalized all the government and cabinet changes anticipated since the 8th Party Congress in March. Since Lao democracy has a long way to go, the Assembly session could not have been less spontaneous. The entire three-hour opening session was heavily scripted; none of the foreigners in attendance had any illusion that the full slate of cabinet changes hadn't been worked out long in advance. The various acceptance speeches were so identical we concluded they must have been written by the same hack at the Party's Kilometer 6 headquarters. Surprisingly, however, the Assembly took the bold step of "electing" the new appointees in front of the diplomatic corps in attendance, making use of their UN-donated electronic voting system. The votes created some confusion when the numbers broadcast on the electronic tally board didn't add up, but the Assembly President ignored the discrepancies and forged ahead.

13. (U) Rumors had been flying since March about who would take over as the new President, since it was widely assumed Khamtai would step down. For weeks, the consensus had rested on Party Secretary Choummaly taking over from Khamtai and

for the Party's golden boy Bouasone taking the helm at the PM's Office from the ineffectual Bounnyang, and the Assembly did not disappoint. After electing Politburo member Thongsing Thammavong as Assembly President (allowing the retirement of long-serving Assembly President Samane Viyaket), and Pany Yathoteu and Saisomphone Phomvihane as co-Vice Presidents, the Assembly turned its attention to the important post of National President. Following Khamtai's formal resignation speech, Thongsing nominated Choummaly as new President and Bounnyang as VP; the Assembly ratified both selections unanimously.

¶4. (U) Embarrassingly, after the new Assembly President, Thongsing Thammavong, nominated the new Prime Minister, President of the Supreme Court and Prosecutor General, he forgot to call for a vote on the nominations, as called for in the constitution, and summoned PM nominee Bouasone Boupavane up to the stage to deliver his acceptance speech. A brave Assembly delegate spoke up before Bouasone could reach the podium, politely requesting a vote on the nominations. While Bouasone did an about-face and went back to his seat, Thongsing ran through the motions and called for the vote on the PM; four delegates actually voted against Bouasone, although he still handily carried the nomination. In the confusion, the Assembly never got around to ratifying the President's nomination of the new Supreme Court President and Prosecutor General; we assume they will sort out those formalities later.

¶5. (U) In his acceptance remark, the new PM informed the Assembly that the government would be reorganized, with the number of ministries or ministry-level organizations going from 13 to 16. The biggest changes would be the restructuring

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of the Ministry of Industry and Handicrafts and Ministry of Commerce to create two new ministries: a Ministry of Energy and Mines (to handle the hydropower and mining portfolios, we understand) and a Ministry of Industry and Trade. The Science, Technology and Environment Agency (STEA) was also elevated to become a ministry-level organization, although still within the Prime Minister's Office.

¶6. (U) The most significant of Bouasone's appointments was Politburo member Thongloun as new Foreign Minister, a change that we had been hearing about for months. Thongloun was once Chairman of the National Assembly's Foreign Relations Committee, speaks English, and reportedly for many years has had a keen interest in foreign affairs. FM Somavat will retain his DPM position but will move to the PM's Office, becoming Bouasone's new right-hand man. Former Commerce Minister Soulivong was put in charge of Thongloun's old post, the Committee for Planning and Investment.

¶7. (U) Other significant new ministerial appointments include former Lao Women's Union President Onechanh Thammavong to the Ministry of Labor and Social Welfare; former head of the Party School Chaleun Yiapaohu to the Ministry of Justice; National University Rector Somkot Mangnomek to Ministry of Education; former Vice Minister of Industry and Handicrafts Nam Viyaket to the Ministry of Industry and Trade; former Lao Trade Union President Bosaikham Vongdala to the new Ministry of Energy and Mines; Sommath Pholsena to Ministry of Communications, Transport, Posts and Construction; Sitaheng Ratsaphorn to Ministry of Agriculture and Forestry; and Deputy Bank of Lao Governor Phouphet Khamphouvong to become Governor of the Bank. Other ministries (Defense, Public Security, Health, Finance, Information and Culture) will retain their current ministers.

¶8. (C) Comment: First, the bad news: none of the changes to the government or cabinet line-up signal a departure from Party policy. The new line-up will be expected to carry out the Party's directives, established at the 8th Party Congress in March. New PM Bouasone made it clear in his acceptance speech, in fact, that the responsibility of his new team

would be to ensure that the 8th Party Congress's directives were translated into action; poverty reduction remains the government's mantra.

¶9. (C) But there is good news here as well. Personality-wise, the new cabinet is a significant improvement over its predecessor. No one will miss PM Bounnyang, for example, who by all accounts was largely ineffectual as PM, and in fact had been little more than a figurehead for several years while Deputy PM Bouasone ran the show. FM Somsavat is another we are glad to see moving on. He took insincerity to new heights, and his personal animosity against the U.S. explains much of our challenges in the relationship over the past two years. We enjoy a good relationship with his successor Thongloun, and hope the change will help the bilateral relationship. Others like Soulivong Daravong, Somkot Mangnomek, Sommath Pholsena and Nam Viyaket are technocrats more than Party animals and we expect will bring higher professional standards to their jobs.

¶10. (U) We will provide biographies of the new cabinet and a more detailed assessment of its makeup via septel. End comment.

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